

Message Text

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ACTION L-02

INFO OCT-01 EUR-10 ISO-00 EB-03 RSC-01 DRC-01 /018 W

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R 091739Z OCT 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 2200

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AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 7883

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: ECG: CONSULTATIONS WITH OIL COMPANIES

REF: BRUSSELS 7719

1. DRAFT TEXT OF LETTER OF INVITATION FOR OIL COMPANIES TO CONSULT WITH ECG IN LONDON ON OCTOBER 23-24 WAS GIVEN TO EMBASSY ON OCTOBER 9 AT INFORMAL MEETING OF EIGHT EC COUNTRIES OF ECG PLUS U.S. (REPORTED SEPTEL). AT SUGGESTION OF U.S., GROUP AGREED TO ADD SENTENCE TO LETTER REQUESTING COMPANIES TREAT THE PROPOSED CONSULTATION ON A CONFIDENTIAL BASIS. OTHER MINOR REVISIONS MAY BE MADE BEFORE THE LETTER IS SENT TO COMPANY CHAIRMEN.

2.TEXT OF DRAFT LETTER IS AS FOLLOWS: QUOTE. DEAR MR. CHAIRMAN, AS YOU UNDOUBTEDLY KNOW, THE WASHINGTON ENERGY CONFERENCE IN FEBRUARY, 1974, ESTABLISHED AN ENERGY COORDINATING GROUP, CONSISTING OF EIGHT COUNTRIES OF THE EUROPEAN COMMUNITY, CANADA, JAPAN, NORWAY AND THE U.S.

THE GROUP HAS ARRIVED AT THE TEXT OF AN AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM TO BE IMPLEMENTED BY AN INTERNATIONAL ENERGY AGENCY. THIS TEXT HAS BEEN REFERRED TO GOVERNMENTS FOR CONSIDERATION. THE PROGRAM STIPULATES, AMONG OTHER THINGS:

- THE CREATION AND MAINTENANCE OF EMERGENCY RESERVE
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SUPPLIES,

- ALLOCATION OF AVAILABLE OIL IN EMERGENCIES,
- THE COLLECTION OF INFORMATION NECESSARY FOR THE EFFICIENT OPERATION OF EMERGENCY MEASURES,
- THE ESTABLISHMENT OF A GENERAL INFORMATION SYSTEM ON THE INTERNATIONAL OIL MARKET IN ORDER TO PROMOTE GREATER UNDERSTANDING BY GOVERNMENTS OF THE OPERATIONS OF OIL COMPANIES,
- THE CREATION OF A FRAMEWORK FOR CONSULTATION BETWEEN GOVERNMENTS OF CONSUMER COUNTRIES AND OIL COMPANIES.

IT IS APPARENT TO MEMBERS OF THE GROUP THAT IMPLEMENTATION OF THE PROGRAM MAY, ESPECIALLY IN TIMES OF EMERGENCY, HAVE A SIGNIFICANT EFFECT UPON VARIOUS ASPECTS OF THE INTERNATIONAL OIL INDUSTRY, AND WILL REQUIRE A HIGH DEGREE OF COOPERATION AND CONSULTATION BETWEEN GOVERNMENTS AND OIL COMPANIES. THE GROUP HAS THEREFORE ASKED ME, AS ITS CHAIRMAN, TO INVITE YOUR COMPANY AND OTHERS TO PARTICIPATE IN A MEETING WITH MEMBERS OF THE GROUP. THE PURPOSE OF THIS MEETING WOULD BE TO DISCUSS WAYS IN WHICH THIS COOPERATION MAY BE EFFECTIVELY IMPLEMENTED AND TO IDENTIFY AND DISCUSS THOSE PARTICULAR ASPECTS OF THE PROGRAM WHICH WILL REQUIRE PARTICIPATION BY OIL COMPANIES.

THE AGENDA FOR SUCH A MEETING WOULD BE AS FOLLOWS:

- I. ELICITATION OF THE COMPANIES' GENERAL ATTITUDE REGARDING THE PROGRAM.
- II. DISCUSSION OF THE COMPANIES' ROLE WITH RESPECT TO PARTICULAR ASPECTS OF THE PROGRAM, SPECIFICALLY,
 - A. EMERGENCY RESERVES
 - B. ALLOCATION OF AVAILABLE OIL IN EMERGENCIES
 - C. INFORMATION RELEVANT TO EMERGENCY MEASURES
 - D. THE GENERAL INFORMATION SYSTEM
 - E. THE FRAMEWORK FOR CONSULTATION BETWEEN CONSUMER COUNTRIES AND OIL COMPANIES.
- III. PRACTICAL ARRANGEMENTS FOR COOPERATION BETWEEN THE AGENCY AND OIL COMPANIES.

A MORE DETAILED LIST OF THE SORT OF TOPICS WHICH MAY BE CONSIDERED AT THE MEETING IS ATTACHED AS AN ANNEX.

AT MY REQUEST, THE GOVERNMENT OF THE UNITED KINGDOM LIMITED OFFICIAL USE

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HAS MADE ARRANGEMENTS FOR THE MEETING TO BE HELD IN LONDON ON OCTOBER 23 AND 24 AT RIVERWALK HOUSE, MILLBANK, LONDON S.W. 1. COMMENCING AT 10:30 A.M. ON WEDNESDAY, OCTOBER 23. I SHOULD BE GRATEFUL IF YOU WOULD CONFIRM THAT YOUR COMPANY WILL PARTICIPATE IN THE MEETING. SPACE IN RIVERWALK HOUSE MAKES IT NECESSARY FOR ME TO ASK YOU TO LIMIT YOUR DELEGATION TO AT THE MOST THREE MEMBERS. THE UK GOVERNMENT WILL GIVE A

RECEPTION FOR DELEGATES ON THE EVENING OF 23RD OCTOBER.

ARRANGEMENTS FOR THE MEETING ARE THE RESPONSIBILITY OF MR. R. B. BIRCHMORE OF THE DEPARTMENT OF ENERGY, THAMES HOUSE SOUTH, MILLBANK, LONDON S.W. 1. (TELEPHONE NO. 01-222-7000 EXT. 2172). IT WOULD BE HELPFUL IF YOU COULD LET HIM KNOW, IF POSSIBLE BY OCTOBER 20, THE NAMES AND TITLES OF YOUR COMPANY REPRESENTATIVES. HE WILL PROVIDE FURTHER INFORMATION ABOUT THE DETAILED ARRANGEMENTS AND WILL GIVE ANY HELP THAT YOU MAY NEED BEFORE OR DURING THE MEETING. E. DAVIGNON, AMBASSADOR, CHAIRMAN OF THE ENERGY COORDINATION GROUP. END QUOTE.

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ACTION L-02

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3. TEXT OF DRAFT ANNEX TO BE SENT AS ENCLOSURE TO LETTER IS AS FOLLOWS: QUOTE. DETAILED LIST OF ISSUES PROPOSED FOR DISCUSSION.

I. ELICITATION OF THE COMPANIES' GENERAL ATTITUDE REGARDING THE INTERNATIONAL ENERGY PROGRAM.

II. THE COMPANIES' ROLE WITH RESPECT TO PARTICULAR ASPECTS OF THE PROGRAM.

A. EMERGENCY RESERVE SUPPLIES.

- HOW CAN THE PRESENT O.E.C.D. DEFINITION OF OIL STOCKS BE IMPROVED TO GIVE A MORE ACCURATE PICTURE OF RESERVE SUPPLIES WHICH ARE ACTUALLY AVAILABLE FOR USE IN AN EMERGENCY;

- WHAT ARE THE CONSTRAINTS ON INCREASING EMERGENCY RESERVE LEVELS.

B. ALLOCATION OF AVAILABLE OIL IN EMERGENCIES.

- HOW WOULD THE I.E.P. ALLOCATION SCHEME WRLK
IN PRACTICE FROM THE OIL COMPANIES' POINT OF
VIEW? WOULD THEY HAVE ANY DIFFICULTY IN
RESPECTING THE PRINCIPLES OF THE PROGRAM;
- WHAT RESOURCES, INCLUDING PERSONNEL, WOULD
BE NEEDED FOR OPERATING THE ALLOCATION PROGRAM?
WHAT WOULD BE THE DIVISION OF LABOUR BETWEEN
THE COMPANIES AND THE INTERNATIONAL SECRETARIAT;
- WHAT WOULD BE, IN BROAD TERMS, THE GENERAL
NATURE OF POSSIBLE PRICING PROBLEMS WHICH
MIGHT BE ANTICIPATED IN CONNECTION WITH
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ALLOCATION MEASURES.

C. INFORMATION RELEVANT TO EMERGENCY MEASURES.

- VIEWS ON THE RANGE OF INFORMATION REQUIRED.
- WHICH OF THE DATA REQUIRED ARE COMPANIES NOW
PROVIDING TO PARTICIPATING COUNTRIES;
- WHICH COUNTRIES ARE RECEIVING WHAT DATA;
- IS THE FORM IN WHICH ANY RELEVANT DATA NOW
BEING PROVIDED COMPATIBLE FOR ASSIMILATION
INTO AN INTERNATIONAL INFORMATION SYSTEM;
- HAVE SUBSTANTIAL DIFFICULTIES BEEN ENCOUNTERED
IN PROVIDING DATA TO PARTICIPATING COUNTRIES,
FOR EXAMPLE, IN TERMS OF ADMINISTRATIVE
BURDENS AND DUPLICATION OF EFFORT; AND
- DO COMPANIES CONSIDER THAT ADDITIONAL DATA
MIGHT BE REQUIRED FOR THE ALLOCATION MEASURES
TO FUNCTION EFFECTIVELY, OR THAT SOME DATA
LISTED MAY BE UNNECESSARY TO MAKE THE SYSTEM
EFFECTIVE.

D. THE GENERAL INFORMATION SYSTEM.

- VIEWS ON THE RANGE OF INFORMATION REQUIRED.
- TO WHAT EXTENT ARE PARTICIPATING
COUNTRIES PRESENTLY REQUIRING THE COMPANIES
TO PROVIDE THE INFORMATION REQUIRED;
- IN WHAT FORM IS THE DATA PROVIDED; AND
- ANY DIFFICULTIES ENCOUNTERED UNDER INFORMATION
REQUIREMENTS IN PARTICIPATING COUNTRIES.

E. THE FRAMEWORK FOR CONSULTATIONS BETWEEN
CONSUMER COUNTRIES AND OIL COMPANIES.

EXCHANGE OF VIEWS ON APPROPRIATE MEANS FOR
ESTABLISHING AND IMPLEMENTING THE FRAMEWORK
FOR CONSULTATION WITH OIL COMPANIES.

III. PRACTICAL ARRANGEMENTS FOR COOPERATION
BETWEEN THE AGENCY AND OIL COMPANIES.

END QUOTE.

4. ECG SECRETARIAL ALSO INTENDS TO SEND INVITED

COMPANIES COPIES OF THE DRAFT INTERNATIONAL AGREEMENT
ESTABLISHING THE IEP. FIRESTONE

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